

PRESS RELEASE

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For Immediate Release

July 21, 2006

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FORMER BANK PRESIDENT SENTENCED FOR FRAUD THAT RESULTED IN BANK FAILURE

Madison, Wisconsin -- Erik C. Peterson, United States Attorney for the Western District of Wisconsin, announced that Mark R. Hardyman, DOB 9/9/1954, of 203 West Wilson, #4, Blanchardville, Wisconsin, was sentenced today by Chief U.S. District Judge Barbara B. Crabb to nine years in prison for bank fraud. Hardyman was also ordered to pay \$13,422,261 in restitution to the Federal Deposit Insurance Corporation.

Hardyman pleaded guilty to this charge on May 1, 2006. Judge Crabb ordered him to report to the Bureau of Prisons on August 18, 2006.

Hardyman, the former President and member of the Board of Directors of the First National Bank of Blanchardville, acknowledged devising a scheme to defraud the bank of its right to receive honest services. The scheme to defraud involved:

- providing false information to the Board of Directors;
- substantially exceeding the bank's lending limits;
- issuing unauthorized loans;
- filing false reports with regulators and causing bank records to be altered to mislead federal auditors;
- soliciting \$17 million worth of worthless checks which were deposited to

a customer' account to reduce the overdraft status on the account and reduce delinquent loan accounts;

- falsifying minutes of the Board of Directors meetings;
- placing false loan notes in loan files;
- failing to follow banking regulations regarding the classifications of loans.

As a result of the defendant's fraudulent activities, the bank failed in May 2003, resulting in a \$13 million loss to the Federal Deposit Insurance Corporation (FDIC) insurance fund. In addition, the victims of Hardyman's criminal conduct include the shareholders of the bank, and individuals whose accounts deposited into the bank exceeded the \$100,000 FDIC insurance limit.

United States Attorney Peterson praised the efforts of the federal agents who conducted the complex investigation which resulted in today's sentencing, and said, "This conviction sends the message that fraud affecting our financial institutions will not go unpunished. Mark Hardyman's actions caused the failure of the bank and devastating financial and emotional harm to many people from the Blanchardville area. His nine-year sentence is well-deserved. "

The charges against Hardyman were the result of an investigation conducted by the Madison Resident Agency of the Federal Bureau of Investigation, the Office of Inspector General for the Federal Deposit Insurance Corporation, the Criminal Investigation Division of the Internal Revenue Service, and the Office of the Inspector General for the United States Department of Agriculture. The prosecution of the case has been handled by Assistant U.S. Attorney Grant C. Johnson.

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